
WEEKLY FINANCIAL SERVICES REPUBLICAN ROUND-UP 2.5.2010

February 5, 2010

MESSAGING RESOURCES/POLLING UPDATE

The Federal Reserve Must Develop A Responsible Exit Strategy. The Federal Reserve has taken extraordinary measures in responding to the financial crisis, but those measures have taken the Central Bank far afield from its core mission of conducting monetary policy. Market participants have now become dependent on many of the credit and liquidity programs the Federal Reserve adopted to respond to the crisis. What's needed now is an exit strategy that effectively winds down the market intervention programs and refocuses the Fed on its dual mandate of price stability and full employment.

Economic Activity Depends On Regulatory Certainty. Financial institutions continue to receive conflicting demands from Washington and regulators regarding lending. While Washington encourages banks to lend more, examiners are applying restrictive standards which is reducing lending. Economic, regulatory, and legislative uncertainty are reducing lending by financial institutions and suppressing the demand for loans by borrowers. Businesses are not willing to expand or create jobs in an uncertain environment. Congress must focus on creating the regulatory certainty that is needed for financial institutions to lend more and engage in appropriate risk assessment.

NY Times: "The Federal Reserve and other financial regulators, which have faced strong pressure from the White House and Congress to stimulate lending to small businesses, prodded banks on Friday to ease such financing. In a joint statement, the regulators said that banks might have responded to the downturn 'by becoming overly cautious' in their lending to small companies. The statement noted that small businesses are 'experiencing difficulty in obtaining or renewing credit to support their operations.'" (2/5/2010)

Polling:

Rasmussen: "Only 42% At Least Somewhat Confident In U.S. Banking System...Americans continue to express little confidence in the U.S. banking system despite billions in bailout funding, but they're not very worried about their own money in the bank."

ON THE HORIZON

Wednesday, February 10: The Full Committee will meet for a hearing entitled "Unwinding Emergency Federal Reserve Liquidity Programs and Implications for Economic Recovery" at 10 am in room 2128 Rayburn.

Thursday, February 11: The Full Committee and the Small Business Committee will convene a joint hearing entitled

"Condition of Small Business and Commercial Real Estate Lending in Local Markets" at 10 am in room 2128 Rayburn.

WEEKEND MUST-READS

Wall Street Journal: "Despite Critics, AIG Sets Bonuses ... American International Group Inc. is moving forward with a plan to accelerate bonuses to employees of its financial products division after they agreed to a \$20 million reduction in \$195 million of previously promised awards."

Wall Street Journal: "Volcker's Rules ... Former Federal Reserve Chairman Paul Volcker will try to dispel some of the recent complaints made by Wall Street executives in his testimony to the Senate Banking Committee Tuesday."

Wall Street Journal: "The SEC v. Investors ... The Securities and Exchange Commission under Chairman Mary Schapiro is turning into a special-interest refuge."

Washington Post: "Business Digest: FHFA reducing Fannie, Freddie portfolios ... The federal regulator in charge of Fannie Mae and Freddie Mac said Tuesday that the mortgage finance giants would not be taking on additional measures to bring down interest rates on home loans as other government programs to stimulate the housing market expire."

Washington Times: "Obama eyes bailout cash for small loans ... Trying to get a handle on the nation's sky-high unemployment rate, President Obama on Tuesday pushed for using \$30 billion in Wall Street bailout money to encourage community banks to lend to credit-starved small businesses."

Forbes: "The Ticking U.S. Fiscal Bomb ... In the last few weeks we've witnessed a series of events that reveal the Obama administration's juggling act."

COMMITTEE REPUBLICANS IN THE NEWS

Rep. Spencer Bachus issued these press releases: [Bachus Criticizes SEC's Climate Change Guidance](#); [Bachus: Where Is The Exit Strategy For Fannie And Freddie?](#)

Rep. Tom Price issued this press release: [Risk of Future Bailouts Increased by TARP](#)